

STATE OF VERMONT
PUBLIC SERVICE BOARD

2015 MAR 11 PM 3 45

Docket No. 8397

Green Mountain Power Corporation)
2014 Integrated Resource Plan)

**MEMORANDUM OF UNDERSTANDING BETWEEN GREEN MOUNTAIN POWER
CORPORATION, THE VERMONT DEPARTMENT OF PUBLIC SERVICE, AND
VERMONT ENERGY INVESTMENT CORPORATION**

This Memorandum of Understanding ("MOU") dated as of March 11, 2015 is entered into among Green Mountain Power Corporation ("GMP" or the "Petitioner"), the Vermont Department of Public Service (the "Department"), and Vermont Energy Investment Corporation ("VEIC") (collectively, the "Parties") in connection with the above-captioned Vermont Public Service Board ("Board") Docket No. 8397.

Background

1. On December 1, 2014, GMP filed a Petition with the Board seeking approval of its 2014 Integrated Resource Plan ("IRP") pursuant to 30 V.S.A. § 218c.
2. On January 9, 2015, GMP filed a proposed schedule for this proceeding, which was supported by the Department.
3. On January 13, 2015, a prehearing conference was held in this proceeding.
4. A public hearing was held on February 9, 2015, via the Vermont Interactive Technologies system. No members of the public attended the hearing.
5. On February 15, 2015, VEIC moved to intervene in this proceeding. No party objected to VEIC's request.
6. Based on discussions between them, GMP, VEIC and the Department have reached the following agreement with respect to GMP's 2014 IRP.

AGREEMENT

7. As part of its decision-making process, GMP evaluated the performance of a range of power portfolios, including a number of different power supply technologies, under a number of possible futures, including variability in load, electrification trends, and electric market conditions. The 2014 IRP examines both the economic and environmental cost of each portfolio.

8. The Department's review of GMP's IRP with respect to current and forecasted electricity demand found it to be thorough, complete and adaptable to likely changes in economic conditions over the forecast horizon. GMP utilized the latest economic/demographic information available and considered, among other things, the customer mix and evolving technologies in forecasting future energy requirements.

9. The 2014 IRP incorporates those proposals that GMP agreed in Docket 7748 that it would include in its next IRP, along with the requirements in the Board's Order in Docket 7836.

10. The 2014 IRP is consistent with the State's Comprehensive Energy Plan ("CEP"), and the 2011 Vermont Electric Plan Addendum.

11. The Parties agree that GMP's 2014 IRP may be approved by the Board pursuant to 30 V.S.A. § 218c(b), as the decision-making framework embodied in the plan will meet the public's need for energy services, after safety concerns are addressed, at the lowest present value life cycle cost, including environmental and economic costs, through a strategy combining investments and expenditures on energy supply, transmission and distribution capacity, and

transmission and distribution efficiency, and comprehensive energy efficiency programs and is reasonably consistent with achieving the goals and targets of 30 V.S.A. § 8005(d).

12. While the Parties are satisfied that the 2014 IRP filed by GMP fully satisfies the statutory requirements of Section 218c, because each party is committed to further improving efforts to advance those goals, the Parties seek to memorialize certain understandings with respect to GMP's next IRP.

13. First, based on comments submitted to the Board and its discussions with the Department, GMP agrees that upon filing its next IRP with the Board, it will also post the new proposed IRP to its website and provide additional customer notice of its proposed IRP through a bill stuffer and/or press release.

14. Second, the Parties share the following understanding regarding methodological improvements that will be incorporated in GMP's subsequent IRPs:

- a. Collaboration: The instant IRP is the result of thorough collaboration between GMP and the Department. The Parties agree to enhance their collaboration in the development of its next IRP. This collaboration will include the incorporation of common assumptions and scenarios from the Demand Resource Plan ("DRP") and other relevant reports and proceedings into the next IRP. GMP will seek opportunities to enhance the Parties' collective ability to deliver least cost energy services for GMP customers. GMP will collaborate with the Parties to adopt and quantify common assumptions and scenarios for its Innovation Pilots in its IRP.
- b. Distributed Energy Resources (DER): Broadly defined, DER are a range of technologies and strategies, that may be sited on or near customer facilities that

may be coordinated and aggregated to provide energy resources necessary to meet customer and system energy and demand requirements. For the purposes of this MOU, DER may include (but are not limited to): conservation, demand response, load management, energy efficiency, fuel switching, storage, distributed generation that is generally less than 5 MW in size, and any combination of DER that are intended to provide energy services at least cost.

- i. GMP will consult with the Parties to identify opportunities where DER can be quantified and integrated into the IRP, with emphasis on responsive demand resources and GMP's innovation pilots and programs.
- ii. GMP will consult with the Parties to ensure, consistent with statutory and regulatory requirements, the least-cost development and deployment of DER. To this end, and for its next IRP, GMP will complete and report on its efforts to make web-based, location-specific technical grid information available to DER developers in advance of their decisions on the location, size, and electrical details of a project.
- iii. Innovative Pilots: To the extent that its innovation pilots are expected to reach a scale where they meaningfully impact the load or operation of the grid, GMP will integrate the expected volume and cost of its innovation pilots into the IRP.

c. Integration:

- i. GMP will continue to coordinate the efforts and the exchange of information within the decision-making framework as outlined in the IRP. This will require a continuous dialog among several company sub-organizations including Power Supply, T&D planning, Engineering, Rates/Finance and Innovation. This combined organization will coordinate efforts with respect to DER implementation strategies in order to continue to provide our customers with reliable, environmentally responsible electric service at the lowest possible cost.
- ii. Common Metrics: GMP will collaborate with the Parties to find common metrics that could be used in existing and future energy planning processes such as the IRP and DRP.

- iii. Financial Outputs: GMP will estimate the expected revenue requirement impacts of the expected/preferred outcomes by year using the same tools, methods, metrics and report formats that are employed in developing its annual cost of service filings. GMP will assess the revenue requirement impacts and explain how the trends that are driving them impact its annual cost of service filings.

d. Load Forecast

- i. GMP will continue to collaborate with Vermont Electric Power Company, Inc., and Vermont Transco LLC, ("VELCO"), the Vermont System Planning Committee ("VSPC"), and VEIC to adopt as many common assumptions as possible into its subsequent IRP load forecasts, including the major elements of the DRP and the expected penetration of DER.
- ii. GMP will depict the IRP load forecast before and after the incorporation of energy efficiency, as defined by the most recent DRP.
- iii. In consultation with the Parties, GMP will consider using heating and cooling degree-day *trends* instead of flat multi-year averages.
- iv. GMP will consider and quantify the magnitude and timing of DER on GMP's peak and total energy requirements.

15. The Parties agree that approval of the proposed IRP shall constitute approval of the decision-making process described in the IRP only and shall not constitute approval of any of the specific decision-making tools, analytic methods, or outcomes described in the proposed IRP.

16. The Parties agree that there are many forces at work on the Vermont energy system including but not limited to winter peak pricing spikes; escalating regional transmission costs; the Vermont Comprehensive Energy Plan; the Total Energy Study; proposed legislation that would significantly change requirements for utilities to own renewable energy as a part of their portfolio, and potentially to deliver innovative energy resources; and significant opportunities for strategic electrification in the thermal energy and transportation energy sectors. The dynamics of these discussions and related potential regulatory obligations require ongoing assessment and strategic planning to meet Vermont's energy service needs in a manner that is

consistent with State Energy Policy. GMP, the PSD and VEIC agree that they will work collaboratively to develop innovative responses to these emerging challenges in a way that maximizes the unique resources and capabilities of the individual Parties.

17. The Parties agree that approval of the proposed IRP shall not relieve GMP of its ongoing duty to:

- a. monitor key uncertainties and the continued accuracy of assumptions and data in the IRP;
- b. continue to reevaluate the merits of the decision-making processes, including but not limited to the analytic methods used, and to adapt such processes to new techniques or information; and,
- c. continue to reevaluate the merits of its decisions.

18. This MOU is governed by Vermont law and any disputes under this MOU shall be resolved by the Board.

19. The Department will support issuance of the orders and findings of the Board specified herein subject to the Department's obligations under Title 30 of the Vermont Statutes Annotated.

20. Nothing herein is intended to supersede or alter GMP's obligations as a distribution utility under the Energy Efficiency Utility Process and Administration Document approved by the Board by Order of September 23, 2014 in EEU-2013-05, or as may be amended by the Board from time to time.

21. Nothing herein is intended to supersede or alter the agreements reached between GMP and VEIC and set forth in that certain Memorandum of Understanding entered into by these parties dated November 20, 2014 (corrected December 15, 2014) and filed with the Board in Docket No. 8358.

22. The Parties agree that this MOU shall not be construed by any party or tribunal as having precedential impact on any future proceedings involving the Parties, except to enforce this MOU or a Board Order resulting from this MOU. The Parties reserve the right in future proceedings to advocate positions that differ from the positions set forth in this MOU, and this MOU may not in any future proceeding be used against any undersigned party, except for enforcement of this MOU or the Board's Order adopting this MOU.

23. The Parties, in accordance with 3 V.S.A. § 811, hereby waive the opportunity to file exceptions and present briefs and oral arguments with respect to a proposal for decision to be issued in this case, provided that the proposal for decision is consistent in all material respects with this MOU.


24. This MOU is expressly conditioned upon the Board's acceptance of all of its provisions, without material change or condition. If the Board does not accept the MOU substantially in its entirety, the MOU may, at the option of any party, be deemed to be null and void and without effect, and thereafter shall not constitute any part of the record in this proceeding and shall not be used for any other purpose. In the event any material modification or condition is made to the MOU, and a party exercises its option referenced above, each party hereto shall be placed in the position that it enjoyed in this proceeding before entering into the MOU. Exercise of the option to terminate this MOU shall be by written notice delivered to the Board and all parties no later than ten days after issuance of a Board Order triggering the option.

25. This MOU may be executed in multiple counterparts, which together shall constitute one agreement.

Dated at Montpelier, Vermont, this 10th day of March, 2015.

VERMONT PUBLIC SERVICE DEPARTMENT

By:



Sheila Grace, Special Counsel

Dated at Burlington, Vermont, this ____ day of March, 2015.

GREEN MOUNTAIN POWER CORPORATION

By:

Debra L. Bouffard, Esq.

Dated at Burlington, Vermont, this ____ day of March, 2015.

VERMONT ENERGY INVESTMENT CORPORATION

By:

Michael J. Wickenden

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Dated at Montpelier, Vermont, this _____ day of March, 2015.

VERMONT PUBLIC SERVICE DEPARTMENT

By: _____
Sheila Grace, Special Counsel

Dated at Burlington, Vermont, this ____ day of March, 2015.

GREEN MOUNTAIN POWER CORPORATION

By: _____
Debra L. Bouffard, Esq.

Dated at Burlington, Vermont, this 11th day of March, 2015.

VERMONT ENERGY INVESTMENT CORPORATION

By: Michael J. Wickenden
Michael J. Wickenden

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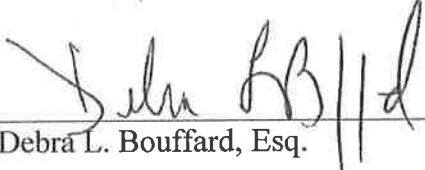
Dated at Montpelier, Vermont, this _____ day of March, 2015.

VERMONT PUBLIC SERVICE DEPARTMENT

By: _____
Sheila Grace, Special Counsel

Dated at Burlington, Vermont, this 11th day of March, 2015.

GREEN MOUNTAIN POWER CORPORATION

By:  _____
Debra L. Bouffard, Esq.

Dated at Burlington, Vermont, this ____ day of March, 2015.

VERMONT ENERGY INVESTMENT CORPORATION

By: _____
Michael J. Wickenden